

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: QWEST COMMUNICATIONS INTERNATIONAL INC. SALE OF PUBLISHING BUSINESS	DOCKET NOS. SPU-02-15 WRU-02-37-272
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ORDER ESTABLISHING PROCEDURAL SCHEDULE

(Issued September 20, 2002)

On August 20, 2002, Qwest Communications International Inc. (QCII) announced an agreement to sell its QwestDex directory publishing business to a nonaffiliated entity. In order to determine the scope of its jurisdiction regarding this matter, the Utilities Board (Board) issued an order in this docket on August 21, 2002, directing that on or before August 28, 2002, Qwest Corporation (Qwest), the public utility affiliate of QCII, file an application for approval of the proposed reorganization, a request for a waiver of the review requirement, or a detailed explanation of the basis for Qwest's apparent belief that review is not required in Iowa. Other interested parties, including the Consumer Advocate Division of the Department of Justice (Consumer Advocate), were invited to file comments at the same time regarding the application of Iowa Code §§ 476.76-77 (2001) to these circumstances. Timely filings were made by Consumer Advocate, the Carlyle Group and Welsh, Carson, Anderson & Stowe (collectively, the Buyers), and Qwest.

On September 4, 2002, the Board issued an order finding that it has jurisdiction to review the proposed transaction and ordering that Qwest file a proposal for reorganization regarding the proposed sale of QwestDex or a request for a waiver of that review before the proposed sale is closed to allow for Board review of the proposal or request. In that order, the Board recognized the following points as items that would tend to weigh in favor of granting a waiver:

1. A binding assurance from Qwest that in any future rate proceeding of any nature, it will be precluded from arguing against imputation on the grounds that the directory publishing business has been sold.
2. A binding assurance from Qwest that sufficient capital will continue to be invested in Iowa to maintain service quality that meets or exceeds all requirements in Board rules and the Qwest/U S West settlement.
3. A binding assurance from Qwest that bidding in any future sale of Iowa rural exchanges will be structured to allow bids for only Iowa exchanges.
4. Statements regarding the effect on the financial stability of Qwest caused by the delay inherent in review.

On September 19, 2002, Qwest filed a request for an expedited waiver of the review provisions of §§ 476.76 and 476.77 and 199 IAC chapter 32 as applied to the

proposed sale of QCII's directory publishing assets.¹ Qwest argues that the public interest does not require full reorganization review of this transaction, so a waiver would be appropriate. Qwest also addresses the four points raised in the September 4, 2002, order. Finally, Qwest asks that the Board issue an order granting the request as soon as practicable, but in any event by October 15, 2002, if possible.

The Board will establish a schedule for consideration of the request that is intended to permit a Board ruling on the request by October 15, 2002, if not sooner. To that end, the Board is not scheduling a hearing in this matter at this time. If any party intends to request a hearing, the request must establish the existence of material issues of judicial fact that require a hearing before the Board can rule on the waiver request. Any request for hearing must also include the prepared direct testimony of the party requesting the hearing, allowing for a hearing prior to October 15, 2002, if possible.

IT IS THEREFORE ORDERED:

Any party desiring to file comments concerning the application for waiver filed with the Board on September 19, 2002, by Qwest Corporation must file those comments on or before September 27, 2002. If any party requests a hearing

¹ In its request, Qwest continues to assert that the Board lacks jurisdiction to review the transaction; the request is made without prejudice to Qwest's claimed right to raise the issue of jurisdiction in any appeal of this matter or in any other proceeding.

regarding the application, the request for hearing must be filed on or before September 27, 2002, and must include sufficient information to establish the existence of material issues of judicial fact relating to the waiver request. The information must be filed in the form of prepared direct testimony.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 20th day of September, 2002.